

Message Text

UNCLASSIFIED

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15

ACTION OES-05

INFO OCT-01 EA-10 ISO-00 L-02 CPR-01 OMB-01 TRSE-00 RSC-01

/021 W

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R 050901Z DEC 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6510

INFO AEC GERMANTOWN

UNCLAS TOKYO 15862

E.O. 11652: N/A

TAGS: TECH, JA

SUBJECT: ABCC

1. EARLIER THIS YEAR, ABCC RECEIVED BILLS FROM LOCAL GOVERNMENTS IN HIROSHIMA AND NAGASAKI FOR REAL ESTATE TAXES ON ABCC-OWNED BUILDING. DECISION BY LOCAL GOVERNMENTS TO LEVY TAXES ON ABCC PROPERTY WAS MADE AS CONSEQUENCE OF EXCHANGE OF NOTES OF APRIL 2, 1973 (TOKYO 3981, APRIL 3, 1973) WHICH CHANGED ABCC STATUS FROM THAT OF "AGENCY ATTACHED TO THE EMBASSY" TO "AGENCY OF THE USG, ESTABLISHED IN (JAPAN). NOTE WAS EXPLICIT THAT ABCC STAFF MEMBERS COULD NOT ENJOY TAXATION AND CUSTOMS PRIVILEGES OF EMBASSY STAFF, BUT WAS NOT EXPLICIT AS TO EFFECT OF NEW STATUS ON TAXATION OF ABCC PROPERTY.

2. FOLLOWING RECEIPT OF TAX BILLS BY ABCC, EMBASSY RAISED MATTER WITH FONOFF, SUGGESTING THAT, AS US GOVERNMENT AGENCY IN JAPAN, ABCC PROPERTY SHOULD CONTINUE TO ENJOY TAX EXEMPTION. FONOFF HAS RECENTLY NOTIFIED EMBASSY THAT IT FINDS NO BASIS FOR SUCH EXEMPTION, AND RECOMMENDS PAYMENT OF TAXES, WHICH (AFTER EXTENSION GRANTED BY LOCAL AUTHORITIES) DECEMBER 20. FONOFF POSITION IS THAT IN ABSENCE OF EXPLICIT AGREEMENT WHICH GRANTS TAX EXEMPTION, SUCH AS VIENNA CONVENTION ON DIPLOMATIC PRIVILEGES OR SOFA, THERE IS NO AUTOMATIC TAX EXEMPTION SOLELY ON BASIS OF OWNERSHIP OF PROPERTY BY FOREIGN GOVERNMENT.

3. EMBASSY HAS EXAMINED ISSUE FROM STANDPOINT OF LOCAL
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PRECEDENTS AND FINDS NO SIMILAR CASE. OTHER US GOVERNMENT

AGENCIES IN JAPAN EITHER OCCUPY RENTED QUARTERS OR ARE CLEARLY COVERED BY DIPLOMATIC OR SOFA STATUS. ACCORDINGLY, ON BASIS OF INFORMATION AVAILABLE HERE, EMBASSY BELIEVES BILL SHOULD BE PAID. AMOUNT INVOLVED (APPROXIMATELY \$14,000) HAS BEEN RESERVED FOR THIS PURPOSE BY ABCC FOR SOME TIME AND PAYMENT WILL, THEREFORE, NOT INCREASE ABCC DEFICIT, WHICH ASSUMED PAYMENT OF THIS AMOUNT. EMBASSY WOULD PROPOSE TO INFORM FONOFF, IF DEPT AGREES THAT TAXES SHOULD BE PAID, THAT PAYMENT DOES NOT CONSTITUTE PRECEDENT FOR TAXATION OF USG PROPERTY IN JAPAN, SHOULD SIMILAR CIRCUMSTANCES ARISE IN FUTURE.

4. EMBASSY WOULD APPRECIATE ADVICE ON THIS ISSUE PRIOR TO DECEMBER 20 PAYMENT DATE.

HODGSON

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Message Attributes

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